

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of
LEROY AVERY,

PETITION FOR ORDER

Respondent.

File No. S-05220(EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities (hereinafter "the Division"), has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Leroy Avery ("Avery") is an individual, who was born in May 1947, and a CRD number of 2354752 and a last known home and business address at that of 1952 S. 57th Street, West Allis, Wisconsin 53219;
2. Beneficial Assurance Ltd., ("Beneficial Assurance") is a Maryland corporation with its last known corporate headquarters at 8003 Corporate Drive, Suite C, Baltimore, Maryland 21236;
3. Upon information and belief, at all times material hereto the business of Beneficial Assurance was the sale of viatical settlement contracts;
4. At all times material hereto, Avery was an insurance agent licensed by the Office of the Wisconsin Commissioner of Insurance and a securities agent licensed by the Department;
5. According to information provided by Avery to staff of the Division, during the period of at least September 1998, Avery, on behalf of Beneficial Assurance, offered and sold to at least one person in Wisconsin a viatical settlement contract of Beneficial Assurance;
6. The viatical settlement contracts of Beneficial Assurance are investment contract securities as defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code and sec. 551.02(13), Wis. Stats.;
7. The viatical settlement contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;
8. Avery has violated sec. 551.21(1), Wis. Stats., by offering and selling an unregistered security to a person in Wisconsin;
9. Avery's employing broker-dealer did not approve of the offer and/or sale of the viatical settlement contracts by Avery;
10. Pursuant to DFI-Sec 4.06(2), Wis. Adm. Code, effecting any securities transaction not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transaction is disclosed to, and authorized in writing by, the broker-dealer prior to the execution of the transaction, is deemed a "dishonest or unethical business practice" or "taking

